

February 26, 2026

Apollo Metalex Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial Paper	200.00	200.00	[ICRA]A1+ ; reaffirmed
Long-term - Fund-based - Cash credit	115.00	585.00	[ICRA]AA+(Stable); reaffirmed/assigned for enhanced amount
Short-term - Non-fund based - Others	68.00	0.00	
Unallocated limits	0.00	8.00	[ICRA]AA+(Stable) /[ICRA]A1+; assigned
Total	383.00	793.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has taken a consolidated view of the business and financial risk profiles of APL Apollo Tubes Limited (AATL), its wholly-owned subsidiaries, including Apollo Metalex Limited (AML) and APL Apollo Building Products Private Limited (ABPL) to arrive at the ratings. Collectively referred to as the Group/APL/company, these entities are in the similar lines of businesses and have significant operational and financial linkages.

The rating action reflects ICRA's expectation of sustained healthy volume growth over the medium term, supported by the ramp up of recently commissioned plants and the scheduled commissioning of additional capacities during FY2026-FY2028. The growth in volumes is expected to support the Group's operating profitability, while maintaining comfortable liquidity position and low working capital intensity. The Group is expected to sustain healthy revenue growth in the near to medium term, following a 14% revenue growth reported in FY2025. The group reported an OPBITDA of ~Rs. 1,199 crore in FY2025 vis-à-vis ~Rs. 1,192 crore reported in FY2024. In 9M FY2026, group reported OPBITDA of ~Rs. 1,291 crore vis-à-vis Rs.764 crore reported in 9M FY2025, supported by higher volumes (12% higher YoY), lower RM prices and ramp up volumes from Raipur plant (ABPL) leading to higher share of valued added products in the overall volumes. In addition, the margins are expected to remain healthy over the medium term with expected OPBITDA/tonne of Rs.4,500-5,000 supported by the likely increase in the proportion of value-added products and better operational efficiency arising from higher scale.

ICRA expects the Group's financial risk profile to further improve in the medium term, owing to higher cash flow generation (resulting from increased scale of operations and sustained profitability), scheduled amortisation of debt and no major debt funded capex plans in the upcoming fiscals. Efficient working capital management and a low gross working capital cycle continues to support the liquidity. ICRA expects the Group to continue to report healthy credit metrics, as corroborated by an expected interest cover and total debt/OPBITDA of 15 times and less than 0.5 times respectively in FY2026. The rating also reflects the Group's leadership position in the domestic electric resistance welded (ERW) pipes segment, corroborated by its sizeable steel tube/pipes-making capacity across its geographically diversified manufacturing base in India and a large network of more than 800 dealers across the country. In addition, with the commissioning of the upcoming capacities in Raipur (Chhattisgarh), Gorakhpur (UP), Kolkata (West Bengal), Bhuj (Gujarat) etc, Group's total capacity will increase to ~6.8 MTPA by FY2028 further enhancing its leadership position in the industry.

Despite its established position in the steel tubes and pipes industry, the ratings are constrained by the intense competition in the industry due to the presence of a large number of both organised and unorganised players. This moderates the Group's pricing power, making it more vulnerable to the volatility in steel prices. In addition, the Group's ability to ramp up the Raipur capacity to optimal levels and sustain its value-added products mix remains a key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company would maintain its leadership position in the organised sector in the ERW pipe segment with increasing focus on value-added products.

Key rating drivers and their description

Credit strengths

Market leadership in ERW pipes segment and extensive distribution network - The Group has a well-established position in the domestic ERW pipes segment and controls a substantial market share. The Group has been able to consistently expand its manufacturing capacities over the years to keep pace with the market growth and is now one of the largest structural steel tubes and pipes players globally, with a capacity of 4.5 mtpa. Additionally, it has established a large network of more than 800 dealer distributors and over 50,000 retailers across the country over three decades of its existence.

Geographically-diversified manufacturing presence and product profile - The Group has an established manufacturing base with 11 plants across the country and 1 plant in Dubai, through organic as well as inorganic expansions, over the fiscals. The company has also been strengthening its product portfolio from standard MS Black, GI and GP pipes to new value-added products such as large-diameter pipes (1000x1000 mm), colour-coated pipes and products, patented products for building material applications as well as products to cater to the retail requirements in the home décor segment like door frame, staircase steps, furniture, plank, designer tubes etc. Besides facilitating better margins due to higher OPBITDA/tonne from value-added products, the diversification allows the company to be better placed to serve new market segments. The Group's 0.3-mtpa ERW pipe plant in Dubai has been set up to diversify globally and enter new markets.

Sustained low working capital intensity - The Group has consistently maintained a low working capital intensity, as corroborated by its net working capital, which stood at ~0-3% of its operating income (NWC/OI), over the last three fiscals. This was possible on the back of a fall in its gross working capital cycle by reducing its receivable as well as inventory turnover period over the past three fiscals. The Group's receivable days have remained at less than 10 days in recent fiscals from ~30 days earlier, led by its strategic shift to the cash-and-carry model. Further, the inventory turnover period has also reduced to less than 40 days in recent fiscals on the back of better planning and management.

Strong financial risk profile - The Group has a strong financial risk profile, characterised by a conservative capital structure, negative net debt and healthy coverage metrics (interest cover of ~13.8x and 9x in 9M FY2026 and FY2025 respectively). Healthy growth in turnover along with improved profitability and prudent working capital management enabled the company to generate robust free cash flows. With expectation of healthy cash flow from operations and a sustained profitability in the medium term, the company's reliance on debt is expected to decrease further, supported by ongoing scheduled repayments. Its capitalisation and coverage metrics are likely to remain healthy as corroborated by an expected interest cover and total debt/OPBITDA of 15 times and less than 0.5 times respectively in FY2026.

Credit challenges

Vulnerability of operating profitability to raw material price movement - Being a steel convertor, the Group is exposed to the volatility in steel prices on account of a lag in price adjustments following fluctuations in the price of hot-rolled coils, in addition to inventory maintenance. Hence, prudent working capital management is crucial to safeguard against any significant price movement. The company's focus on working capital management and increasing the proportion of value-added products in the revenue mix mitigate the risk to some extent. Nevertheless, in case of an adverse demand-supply scenario, the inability to pass on the raw material price hike to its buyers could affect the profitability.

Intense competition from organised and unorganised players - The ERW pipes market is inherently competitive with the presence of several established players. As ERW pipe manufacturing is not a capital-intensive process, the entry barriers are low and, hence, the industry has many unorganised players.

Liquidity position: Strong

The Group's liquidity position is strong, corroborated by cash and bank balances and liquid investments of ~Rs.613 crore as on September 30, 2025. ICRA expects the company's cash flow from operations to be adequate to meet the scheduled debt repayment obligations as well as capex requirements of ~Rs. 500 crore per annum, in the upcoming fiscals. The liquidity profile is also supported by an adequate cushion in the form of undrawn working capital limits. The scheduled repayment obligations are expected to be ~Rs. 157 crore in FY2026 and Rs. 148 crore in FY2027.

Rating sensitivities

Positive factors – ICRA could upgrade the company's rating if it demonstrates a significant growth in its operating income and profitability, along with strong liquidity and coverage metrics.

Negative factors – Pressure on the ratings could emerge in case of a sustained deterioration in earnings, or if any sizeable debt-funded capex/investment/acquisition results in an increase in the total debt/OPBDITA to more than 0.75 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has combined the business and financial profiles of various Group entities (as mentioned in Annexure II), given the close business, financial and managerial linkages among these

About the company

Apollo Metalex Limited (AML; erstwhile Apollo Metalex Private Limited) is a 100% subsidiary of APL Apollo Tubes Limited (AATL). The company was acquired by APL Apollo in FY2007 and owns a pipe manufacturing unit in Sikandarabad (Uttar Pradesh) with an installed capacity of 350,000 metric tonnes per annum.

APL Apollo Tubes Limited (AATL) was incorporated in February 1986 as Bihar Tubes Private Limited with its headquarters in Delhi-NCR. AATL is the largest ERW pipe/ structural steel tube manufacturer in India. The company operates 11 manufacturing facilities across India with a total installed capacity of 4.5MTPA (including Dubai). The Group's product offerings include 1,100+ varieties of Pre-Galvanized Tubes, Structural Steel Tubes, Galvanized Tubes, MS Black Pipes and Hollow Sections (rectangular and square cross section). These tubes have a wide spectrum of applications in urban infrastructure and real estate, rural housing, commercial construction, greenhouse structures and engineering applications. The Group has also established a large pan-India distribution network of around 800 dealer distributors and over 50,000 retailers over the years.

Key financial indicators (audited)

AATL (Consolidated)	FY2024	FY2025
Operating income	18118.8	20689.5
PAT	732.4	757.1
OPBDITA/OI	6.6%	5.8%
PAT/OI	4.0%	3.7%
Total outside liabilities/tangible net worth (times)	1.0	0.8
Total debt/OPBDITA (times)	1.0	0.5
Interest coverage (times)	10.5	9.0

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 26, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based - Cash credit	Long-term	585.00	[ICRA]AA+(Stable)	June 27, 2025	[ICRA]AA+ (Stable)	September 04, 2024	[ICRA]AA+ (Stable)	December 29, 2023	[ICRA]AA (Positive)	November 17, 2022	[ICRA]AA (Stable)
					-	November 07, 2024	[ICRA]AA+ (Stable)	March 31, 2024	[ICRA]AA (Positive)	March 30, 2023	[ICRA]AA (Stable)
Commercial Paper	Commercial Paper	200.00	[ICRA]A1+	June 27, 2025	[ICRA]A1+	November 07, 2024	[ICRA]A1+	-	-	-	-
Unallocated limits	Long-term/Short-term	8.00	[ICRA]AA+(Stable) / [ICRA]A1+		-	-	-	-	-	November 17, 2022	[ICRA]AA (Stable)/[ICRA]A1+
					-	-	-	-	-	March 30, 2023	[ICRA]AA (Stable)/[ICRA]A1+
Non-fund based - Others	Short-term	0.00		June 27, 2025	[ICRA]A1+	September 04, 2024	[ICRA]A1+	December 29, 2023	[ICRA]A1+	November 17, 2022	[ICRA]A1+
					-	November 07, 2024	[ICRA]A1+	March 31, 2024	[ICRA]A1+	March 30, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial Paper	Simple
Long-term - Fund-based - Cash credit	Simple
Short-term - Non-fund based - Others	Simple
Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term - Fund-based Cash credit	NA	NA	NA	585.00	[ICRA]AA+ (Stable)
NA	Unallocated	NA	NA	NA	8.00	[ICRA]AA+ (Stable)/[ICRA]A1+
Yet to be placed	Commercial paper	NA	NA	NA	200.00	[ICRA]A1+

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
APL Apollo Tubes Limited	100.00%	Full Consolidation
Apollo Metalex Private Limited	100.00%	Full Consolidation
Blue Ocean Projects Private Limited	100.00%	Full Consolidation
APL Apollo Building Products Private Limited	100.00%	Full Consolidation
APL Apollo Mart Limited	100.00%	Full Consolidation
APL Apollo Tubes Company LLC	100.00%	Full Consolidation

Source: Company and Group Financials

Note: ICRA has taken a consolidated view of the parent (AATL), its subsidiaries and step-sub-subsidiaries while assigning the ratings

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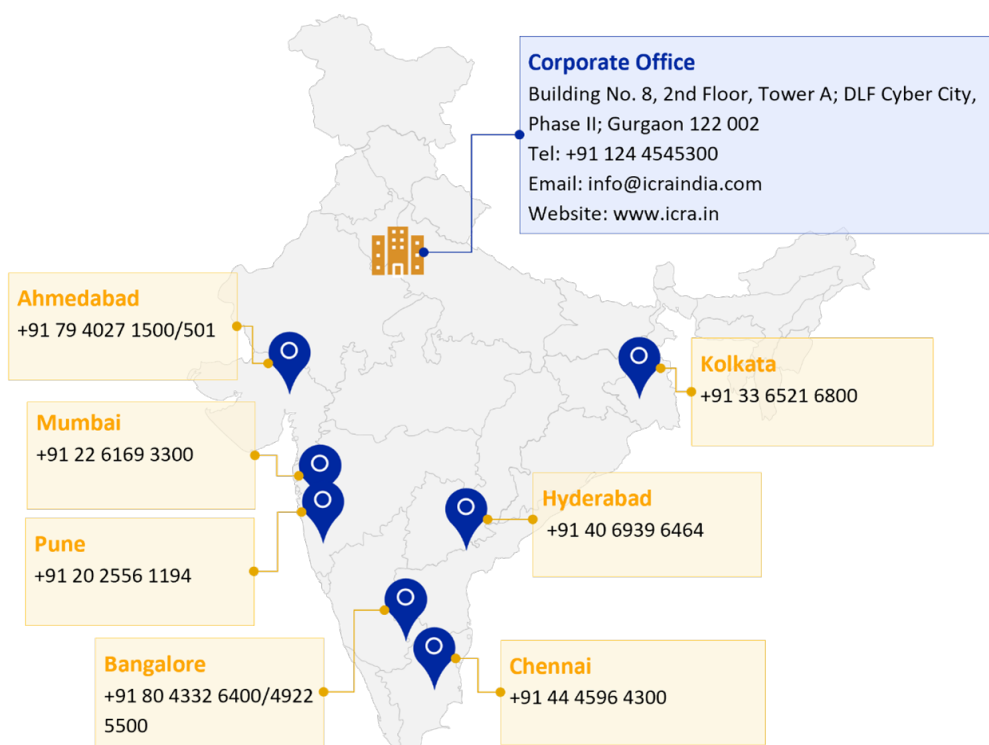
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